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Date:
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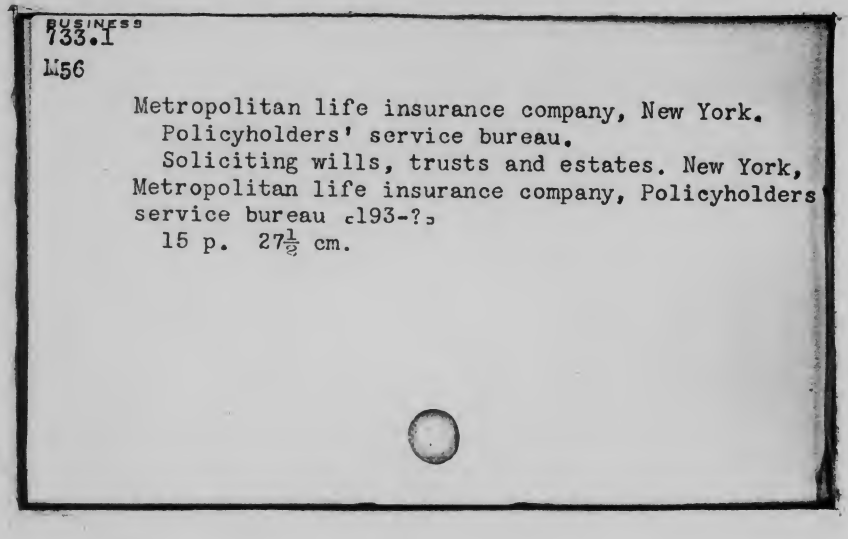
BUSINESS
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M56

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Policyholders' service bureau.
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Business

Foreword

INCREASED competition has had its effect on the methods of financial institutions in the development of trust business. This is reflected in the number of inquiries received by the Policyholders Service Bureau. In order to develop some factual data on this subject, a survey of trust solicitation methods was conducted by this Bureau. A number of successful trust executives cooperated in this effort. The results of this survey are presented in this report.

Additional publications of the Policyholders Service Bureau of particular interest to banking institutions include:

Metropolitan Services to Financial Institutions
A New Method of Balance Sheet Analysis
Vacations for Bank Employees
A Bank Collection Department Procedure

Copies of these publications will be forwarded on request.

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March 29, 1933 DA/MEC

Soliciting Wills, Trusts and Estates

THERE is apparently a steadily growing interest on the part of financial institutions in the development of trust business. Under this term are included all services normally handled by the trust department, notably wills, trusts, estates, etc. The methods employed for developing this type of business have been undergoing a distinct change in recent years. Some financial executives believe it is no longer practicable for banks to depend solely on voluntary inquiries which may develop in the regular course of daily transactions. With the increasingly more strenuous competition, many institutions have found it advantageous to adopt a policy of definite solicitation of trust business on an energetic and scientifically planned basis. In this report, the Policyholders Service Bureau presents some of the methods which have been employed successfully in the solicitation of wills, trusts and estates.

ORGANIZATION FOR TRUST DEVELOPMENT

In some institutions the function of trust development is assigned to a new business department; in others full responsibility for the solicitation of this business is placed in the trust department with a separate staff of solicitors maintained for this type of business exclusively.

The Fidelity Union Trust Company of Newark, New Jersey, maintains a new business department which ranks as one of the major departments of the bank and operates directly under the president. The personnel of this department was built around a skeleton organization of a manager and an assistant manager. On the theory that out of each group of solicitors selected some will be found wanting, this company started with four men to provide such leeway. Subsequently when it was desirable to enlarge the department, four more men were brought in of which one was later eliminated. This department is now organized so that additional solicitors are taken on one or two at a time as required and the present force is able to train them.

An indication of the degree of success secured from the above plan is furnished in the following extract from a report of the president of this institution, Mr. UZAL H. MCCARTER, to the board of directors:

> The new business department now employs six full-time solicitors. Five of these men have been employed on the solicitation of trust business exclusively up until December of this year, and one man has covered new corporations coming to Newark for banking business and has followed up reduced balances and closed out accounts. During the past year there have been two resignations in the department. One of these men has not been replaced and it was in replacement of the other that the banking department solicitor was employed. Each of the men in the department is therefore a man of considerable experience in the company and his field of work.
>
> The trust solicitation conducted by this department has been outstanding in its success, due in no small measure to the policy the company has adopted in employing only thoroughly trained men. During the past year the production of this department has been a little better than double what it was in 1926. Whereas that year the department handled approximately one-third of the total number of will designations coming to the company, last year the department handled well over two-thirds of the designations. Since its organization two and a half years ago, the department has called on 2,111 prospects. In addition to the business already closed, 1,152 cases are still pending as first class prospects. Of the new branches, all of the customers who are trust prospects have been called on at the City Trust Branch, with forty remaining to be seen. In the solicitation of trust business at these branches, the work is limited, for the present, to the wealthier customers.

The trust development department of the Union Trust Company of Detroit has been established for about seven years. It began with one man and has been developed to the point where there are now seventeen men and three women actively soliciting trust business. On this subject Mr. JOHN A. REYNOLDS, Vice-President in charge of this work, states:

> Each is more or less of a specialist in the development of one particular trust service. For example, trust service as we consider it, covers executorships, administrations, safekeeping trusts, escrows, guardianships, mortgages, investment trusts, and such other things as may be called miscellaneous. In the department there is one man who is thoroughly trained on each branch of service. He is expected to develop a certain amount of that business each year. He is also relatively informed on all of the services of the company. He is always prepared to bring in business which might not be called his own specialty. In that way, if the man who is soliciting escrows, comes across an estate which is peculiarly complicated, he does not secure the business himself, but returns with a competent representative able to discuss the case.

A New England bank maintains both a new business department and a business extension department. The New Business Department consists of an Assistant Vice-President and an Assistant Secretary whose duties are to interview clients and others on trust services. These interviews are confidential and are recorded in a new business file available only to the officers of the institution.

The business extension department is also in charge of an assistant vice-president who has a corps of assistant secretaries actively soliciting business in person for all departments of the bank.

The following remarks of Mr. LEOPOLD A. CHAMBLISS of the Fidelity Union Trust Company, Newark, on the subject of organization for trust solicitation are interesting:

> From the bank's standpoint, personal trust solicitation offers an economical medium for cashing in on money that has been spent for advertising. It is a medium that can be used on a large or a small scale, depending on the number of men ultimately employed. Regardless of size, however, the department should be organized and considered as one of the major departments of the bank. It should be taken seriously, relieved from all operating routine, have access to the senior officers of the bank and given comfortable quarters. It should have every assurance that in standpoint of salaries and prestige it is on an equality with the major operating departments and that the failure of one individual more or less will not affect the status or the future of the department.

Selection, Training and Compensation of Trust Solicitors

Many institutions have come definitely to the conclusion that the most effective means for developing trust business is through a combination of direct mail and newspaper advertising and personal solicitation. Personal solicitation presents the problem of the selection, training and compensation of trust solicitors.

A good indication of the methods in use is secured from the report of a special investigation conducted among the banks and trust companies throughout the country regarding personal solicitation for obtaining trust business. This report was prepared by Mr. LEOPOLD A. CHAMBLISS, Assistant Secretary-Treasurer of the Fidelity Union Trust Company of Newark, on the basis of questionnaires distributed by the financial advertisers association and was published in the bulletin of this association. Through the courtesy of Mr. CHAMBLISS, the material thus assembled has been made available to the Policyholders Service Bureau and will be referred to throughout this report.

Twenty per cent. of the banks answering the above questionnaire employ trust solicitors, the number employed ranging from one to twenty. In so far as standard qualifications for these positions are discernible from the replies they might be stated as young men with three or four years business experience, keen minds, and good appearance, capable of making ten to fifteen calls a day and willing to learn every detail of the trust business. The methods of training advocated included a definite period of apprenticeship in the various divisions of the trust department, the organization of classes presided over by trust officers and actual solicitation work under direction for a preliminary period. The suggestion was made that the first fifty calls be on people of small means on the

theory that any salesman needs from two to three months experience and it is wise to let him devote this time to smaller prospects from the standpoint of potential volume of business involved.

Mr. CHAMBLISS describes the methods of his own institution, the Fidelity Union Trust Company of Newark, as follows:

> We employ young men who are willing to spend their entire time on the streets. The only requirement regarding these men is that they must be intelligent, must have had some previous business experience where they have cut their eye teeth, and must be gentlemen. We employ innumerable devices for finding such men. At one time I advertised in the New York newspapers; at another time I advertised among the employees of the institution and let men who were interested apply for transfer to the new business department. The most successful method, however, seems to be the rather common sense one of telephoning and writing to all of my friends whenever I need a man, and asking them to send over to see me any young friends of theirs who might be interested in connecting up in a substantial way with a bank such as ours. This method has always brought results and is, I believe, the simplest way to go about the matter.
>
> As for training, when we took on our first four men we organized a class. I lectured on selling, our counsel lectured on the legal phases of trust work, and our various trust officers lectured on security problems, real estate problems, taxes and the other trust matters which came within their respective jurisdiction. This is a very simple way to handle the problem, and besides training the men enlists the support and sympathy of the trust officers.
>
> Our salaries are fixed in line with the salaries of the regular heads of departments of the institution for the salesmen and run a little higher for the manager and assistant manager. I should say that in course of time these men ought to qualify as junior officers, and we may come to the point of even having more than one assistant manager. The salary problem is, of course, a difficult one as in all organizations. Many of our people feel that we must standardize our salaries and expect to have a turnover in our salesmen. Others feel that we should hold our good men. I do not believe a commission system is practical in trust work or desirable, and I try to make my men feel that if they stick over a period of time they stand every chance of becoming officers of the bank, either in this department or some other. I am not sure just how this phase of the problem is going to work out, but if I can hold my skeleton organization the bank is in a safe position no matter what happens.

The Central Union Trust Company of New York City has definitely adopted personal solicitation methods for its trust department. In the selection of trust solicitors this company looks first for men with successful selling records behind them. Banking or actual trust experience is considered of only secondary importance. The officials of this company are convinced that the problem is primarily one of selling service and as a result they select men experienced in present day sales methods, particularly along specialty lines. According to Mr. W. TRESKOW, who is in charge of these activities in this institution, their specifications for trust solicitors call for men of at least thirty years of age with a proper sales background and, as a rule, men who have been accustomed to earning a minimum of $7,000 per year. This latter figure, of course, applies to New York City.

The Mercantile Trust Company of St. Louis has secured the services of attorneys with sales experience for this type of work. They are given a thorough training in the preparation and execution of wills and the administration of estates, trusts, taxation and other allied subjects. Each new man spends from six weeks to two months in study before he is permitted to interview any clients or prospects.

On this subject Mr. GILBERT T. STEPHENSON, Vice-President of the Wachovia Bank and Trust Company, Raleigh, North Carolina, supplies the following details of the methods employed by this institution in selecting and training trust solicitors.

> We try to select only mature men, preferably married and with families. We find that prospects will not listen or open up to young, immature men, that when the solicitor can talk about his own home and his own children and his own financial arrangements for his family he gets next to his prospect.
>
> For training our solicitors, we first let them go through our trust departments and familiarize themselves with the way things are actually done. Then we send them out with a trained solicitor. Next we keep them in direct contact with some responsible officer in the office. We have from time to time given courses of instruction to our trust solicitors, but we have felt this was not quite as effectual as face-to-face talks with new men and actual demonstrations by the older men.

The majority of the trust solicitors of the Union Trust Company of Detroit are college graduates some of whom are trained in law. Again quoting Mr. REYNOLDS on this point:

> We train our men ourselves. We do not think it is necessary for a person selling trust services to be a trained salesman, a legal light, or a master economist. Nine out of every ten people who come to the trust companies, do so because someone has inspired confidence in them, so in selecting a salesman, we look for intelligence, personality and ambition. When we have hired a salesman, we give him atmosphere. We bring him into the new business department, and give him a desk and lots of literature and facts, then leave him alone for about three weeks. He is requested to jot down things that trouble him, and after we have answered his problems, and have found out the trend of his thoughts, we know fairly well whether or not he is competent. He then accompanies some of our men on their calls. After a few trips, we know what particular service he is best fitted for and where he may serve best.

The report of the Financial Advertisers Association would seem to show that trust solicitors are usually rated as, or on a par with, department heads of the institution and salaries are fixed in line with such standards. The salaries reported ranged from $1,200 to $7,500 a year with none of the banks reporting a commission arrangement.

Training the Institutional Personnel for Trust Solicitation

Many trust officers have come definitely to the conclusion that the trust services must first be sold from within the organization before they can be properly merchandized publicly. In many cases, therefore, they have organized the officers and employees of other departments into classes for instruction in the operations and facilities of the trust services, in order that they may be in a better position to intelligently explain these services to customers with whom they come in contact and in that way develop interested prospects.

The Mercantile Trust Company of California is an example of this policy. On the theory that the largest group of prospects were represented by present customers of the bank who were already clients of other departments, this institution conducted an educational campaign for all its employees to acquaint them with the operations of the trust department. This was carried out as a definite school of instruction for trust functions. Classes were held three nights a week for four weeks with a different group each night. The classes were grouped in such a manner as to include officers one night, branch managers and assistants another night and clerks on the third night. This plan was followed to eliminate any possibility of timidity on the part of the employees in asking questions. The subjects studied included wills, testamentary trusts, agencies and escrows, and in addition, brief consideration of deeds of trust, depositary under order of court and guardianship of estates. This instruction resulted in many new contacts and an appreciable amount of new trust business.

Development and Follow-Up of Prospects

The development of leads is, of course, an important preliminary to effective trust solicitation. Many different methods are employed to build up prospect lists including the use of newspaper advertising, billboards, posters, descriptive pamphlets, blotters and other types of direct mail material, radio broadcasting, special window and lobby displays, etc.

Institutions with established banking departments frequently concentrate their solicitation efforts on those customers who are already patronizing other services of the institution. Certainly this group represents the most readily available source for a list of trust prospects. In developing these lists frequent use is made of the central file. On this point, the report prepared by Mr. CHAMBLISS again furnishes some interesting information. To quote from this report, of the banks submitting replies to the general questionnaire, "52 per cent. of these reported that they have central files, 5 per cent. are now installing them, 30 per cent. report that they have no central files and the others report that they have central files but do not use them."

Quoting further from this report:

> A central file is an excellent institution for information purposes, but it becomes so complicated to operate and so difficult to maintain that as a sales accessory its value is quite doubtful. Common sense will substantiate the statement that almost 70 per cent. of the people in any central file are not trust prospects. Also, there is a great deal to be known about a man other than the information which a central file card will show before he can be considered as such. More important than which departments he does business with is whether he is favorably disposed toward the banks, what officers he knows personally and how well, together with some information about his business and personal affairs. This can only be had by personal conferences with various officers of the banks. If the central file card is also used as the average balance card, it may be used to originate names, yielding first a list of the bank's best depositors. It may also be used to indicate in which departments most of the information regarding the man may be found. Above all, it should not be taken as final authority that a man does not have a will; clerical errors are not impossible and before a call is made a search should be made of the trust department files as well as of the central file.
>
> In some institutions which are making a conspicuous success of their trust solicitation, a younger man, usually one who is in training to become a solicitor, is employed as an investigator. His duties consist of each day taking a few names from the list of large depositors. He takes these names into the different departments of the bank and talks to all the senior officers about them. He finds out which officer can best give the solicitor a letter of introduction. He then dictates a report on the names which he places in their regular credit files, and gives the files to the head of the department, who assigns them among the solicitors.

Most banks and trust companies are making consistent use of the usual advertising media such as newspapers, posters, descriptive circulars, form letters, etc. as a means of educating the public in the services of such institutions and of developing interest in their facilities. Some of the methods employed along these lines are novel. What is reported to be the highest electric sign in the world has been installed by the Manufacturers Trust Company of New York City to flash messages on life insurance trusts in moving letters, readable for miles. This company also employs radio talks, pamphlets on life insurance, and special booklets for distribution to selected lists of insurance men with their individual names printed on the cover.

The Union Trust Company of South Bend, Indiana, employed a special window and lobby display, showing a trust agreement in the center with sample policies of all the local insurance companies arranged on one side while on the other side were depicted appropriate characters and scenes to bring out the possible results to be accomplished by such a trust such as the education of children, paying off the mortgage on the home, an annuity for old age, funeral expenses, the inheritance taxes, providing for family necessities after death and endowments or gifts to universities, churches, etc.

On the development and follow up of prospects, Mr. THOMAS C. HENNINGS, Vice-President of the Mercantile Trust Company, St. Louis says:

> We have three sources of prospects for this business; our own central files, consising of the names of all customers of every department of the bank. Our solicitors have access to these files. We enjoy the good will of a majority of the insurance underwriters in St. Louis who frequently give us the names of their clients to whom they have recommended trust service. In several cases, different insurance men have completed the whole transaction, except the preparation of the papers. Our officers and employees give us the names of individuals with whom they come in contact, and who, they believe, are potential prospects for our service. As these names are turned in to the department, they are apportioned to our solicitors, who are expected to handle the case until it is closed or dropped. The question of when and how often to follow up the lead is left almost entirely to their discretion.

The methods of the Fidelity Union Trust Company of Newark are described as follows:

> Other than the leads which come to us from life insurance companies, we try to work on the good customers of the bank who have not named the institution under their wills. In most banks there are far more leads than the new business department can handle and the problem is one of intelligent selection. There are hundreds of good customers that the new business department will never approach, but if the department is regularly producing good business out of the people it selects to work on, there is little else that can be expected of it. A salesman cannot handle more than two or three calls a day, for in most cases he will operate by making

appointments before calling and if he makes an appointment in the morning or afternoon, it is dangerous for him to call up a third prospect for fear that his appointments may overlap. After he has been working for any length of time he will have an enormous number of follow-up calls which will cut down his ability to make original calls.

Most banks require too much of their salesmen and insist on calls rather than closed business. Here we follow the policy of looking for results rather than interviews. When a case is assigned to one of our salesmen we have no method of checking up the progress on the case until after calls are made and the file is sent in for review. If a particular salesman's production begins to fall off, however, we then go into the matter with him and attempt to help him analyze his trouble for himself. We think any other method tends to emphasize interviews rather than results. We have a weekly report of calls made which comes to us automatically. We do not study the report very carefully and consider it mainly a help to the salesmen themselves in checking up on their work.

The Union Trust Company of Detroit has a well-rounded program for the development of trust business. Here the first approach is through its own employees. Employees in other departments are encouraged to turn in the names of trust prospects who are subsequently canvassed by the special trust solicitors. Full page newspaper advertisements are employed to stress the value of life insurance. Billboards throughout the city announce, "We believe in Life Insurance" and the same slogan is distributed widely in the form of blotters. The advertising is largely institutional and of a "good will" nature.

An essay contest, open to high school students throughout the city, was conducted one year on the subject of *Advantages of Life Insurance* with five university scholarships awarded as prizes.

In addition to developing prospect lists it is also important to devise some means for effective follow up. The Union Trust Company maintains just one file, a prospect file, for recording all information relative to the prospect. The form employed is reproduced on page 10 of this report. Each solicitor maintains his own desk tickler record for pending cases.

The Wachovia Bank and Trust Company of Raleigh, North Carolina, have a carefully prepared mailing list of leading business and professional men of the state to whom is sent each month a copy of the institution's periodical, *The Wachovia*, in which is described some feature of the institution's service. Inserted in each copy is a loose sheet to be signed and returned, reading as shown below.

Date.....192.....

To the Editor, *The Wachovia*,
Wachovia Bank and Trust Company,
Raleigh, N. C.

Dear Sir:

I am interested in learning more about the financial services of the Wachovia Bank and Trust Company and, with the understanding that I am under no obligation to use any of them, I shall be glad to receive your literature and to have one of your representatives call and talk with me about your services.

(*Signed*).....

(*Address*).....

☐ Commercial Banking
☐ Trusts
☐ Savings
☐ Safe Deposit
☐ Investments
☐ Insurance

Prospects are secured from this source. Additional names are suggested by representatives of the bond and banking departments and other inquiries are received direct as the result of newspaper advertising, etc. Solicitors are assigned to follow up each inquiry. Each representative makes a written report on each prospect visited. This report is entered on a card and then filed under the call-up date as a basis for future follow-ups.

COOPERATION WITH INSURANCE UNDERWRITERS

The sale of life insurance trusts is probably receiving more attention at this time on the part of many trust officers in the way of planned and concentrated sales promotion effort than any other branch of trust services. The one outstanding policy which has been followed frequently by trust officers in the development of this business is to seek intimate contacts on a cooperative basis with the local insurance men. Only 19 per cent. of the banks reporting on the special inquiry referred to previously state that they make no effort to cooperate with local insurance men. One bank reports that it receives from two to three leads a day from insurance men. Many such leads are in the form of requests for joint interviews where the insurance man has already prepared the ground, and the trust man goes in as a recognized authority on taxation.

The Equitable Trust Company of New York City has set up a separate department in its organization exclusively for the development of life insurance trusts, and secured a prominent insurance broker to take charge of it. In this way intimate contact with the insurance field was established automatically.

The trust officer of the State Bank of Chicago has formed a practice of assembling groups of a half dozen insurance men in his office at specified times, where he conducts very informal discussions of subjects of mutual interest.

The Des Moines National Bank conducted a formal course of eight lectures on its life insurance trust service, each of which was attended by approximately one hundred insurance men. The lectures were followed by intimate round table discussions.

The Guaranty Trust Company of New York City also sponsored a lecture course for New York insurance agents and brokers on the subjects identified with trust company insurance service. This course was conducted on a standard scholastic basis with periodical graduations. The course consisted of five lectures of which the first described the functions and operations of a trust division; the second described life insurance trusts specifically; the third was devoted to a general discussion of the first and second lectures; the fourth described methods of cooperation between trust companies and insurance men and the fifth outlined a practical program for talking trust company services.

As a preliminary to an intensive campaign on life insurance trusts, The Guardian Trust Company of Cleveland was host to approximately 400 life underwriters, both men and women, at a dinner at one of the leading hotels. Each guest was presented with a specially prepared booklet on *Selling Points of the Life Insurance Trust*. A poster board was erected in the room with a copy of the advertisements to appear in the paper during the ensuing six weeks. In an after dinner talk, the trust officer explained the bank's program and earnestly solicited the cooperation of the insurance representatives in this work. Subsequently each local manager was furnished with a special portfolio outlining the plan of the campaign and display boards with copies of the advertisements were erected in each insurance sales office.

In an attempt to simplify the subject of life insurance trusts for purposes of canvassing, a joint committee of trust company officials and insurance underwriters in the city of Cleveland developed a form of standard life insurance trust agreement which could be used generally for purposes of solicitation.

On the subject of life insurance trusts, Mr. Gilbert T. Stephenson, Vice-President of the Wachovia Bank and Trust Company, states:

NAME ..... DATE .....
ADDRESS ..... 'PHONE .....
BUSINESS .....
CONNECTIONS .....
CHARACTERISTICS ..... APPX. AGE .....
FINANCIAL STANDING—DUN .....
—BRADSTREET .....
—OTHERS .....
SUGGESTED BY .....
REMARKS .....

PROSPECT FOR

	WILL		INVEST. DEPOSIT
	VOL. TRUST		CERT. OF DEPOSIT
	MANAGEMENT PPTY.		SPC'L A-C
	TREAS. DEPOSITARY		COM'L A-C
	SAFEKEEPING TRST.		TRNS. AGT. OR REGISTRAR
	REAL ESTATE—BUY—SELL		TRUST MTG.
	L. CONT. TRST.		ESCROW DEPT.
	BOND DEPT.		INSURANCE
	ASST. DEPT. (SUBDY.)		OTHERS VIZ.
	S. D. VAULT		

UNION TRUST CO. DETROIT F 922 5m 11-27

CALL	'PHONE	LETTER	BY	

LITERATURE SENT,	DATE	INITIAL

POSTED TO C. F. CARD (IF ANY) .....

Follow-up Record, Union Trust Company

We enjoy the cooperation of many of the leading life underwriters of the community. They tell us prospects who ought to have life insurance trusts and oftentimes convince those prospects of the wisdom of putting their insurance in trust so that all we have to do is to work out the details.

Our cooperation with the life insurance men is altogether a two-sided affair. While we can never under any circumstances, directly or indirectly, tip off a life underwriter to an insurance prospect, we do create demands for a great deal of new insurance. Our banking department in analyzing the financial statements of its customers discovers and calls attention to the need of new insurance. Our trust department in working out wills and trusts for its customers discovers and calls attention to the need of new insurance. In this way we fallow the ground and the underwriter goes out and garners the harvest.

From the standpoint of the insurance salesmen, Mr. CHAMBLISS of the Fidelity Union Trust Company of Newark, is convinced that a thorough knowledge of trust company services is of direct assistance in the solicitation of life insurance. It has been his experience that such familiarity encourages insurance men to discuss with their prospects the whole subject of a well rounded estate plan. This subject has been frequently used to advantage as a means of arousing interest in the preliminary stages of an interview. Prospects seem inclined to accept advice on this subject from well informed underwriters as representing a semi-detached, service point of view since the solicitor is not himself selling trust services.

The Union Trust Company of Detroit has systematically encouraged the cooperation of life insurance men. Insurance men are invited to the office for personal interviews, the services of the company's tax department are placed at their disposal, personal letters signed by the president of the institution and endorsing the principle of insurance in strong terms are furnished the agents to be exhibited to their prospects. General agents and managers are encouraged to discuss their own personal programs for wills and estates and plans are devised for trusteeing renewals after their death.

The company has established connections as loaning agent in the Michigan territory for a dozen of the larger insurance companies. This gives an additional point of contact with insurance men. In every way possible the institution has attempted to drive home to these men the fact that a trust company is not in competition with them, but that its services as distributor of estates is complementary rather than competitive to that of an insurance company whose function is primarily in the creation of estates.

The company has also conducted a course of instruction in which the following topics have been included:

1. The Trust Company in its Relation to Life Insurance
2. Creating and Conserving Estates
3. Personal Life Insurance Trusts
4. Business Life Insurance Trusts
5. Insurance Taxation and Insurance Trust Taxation
6. How to Sell Insurance Through Trust Company Cooperation
7. The Attitude of the Insurance Company Toward Life Insurance Trusts
8. Experiences in Cooperating with Trust Companies
9. Experiences of the Trust Company in Cooperating with Insurance Men

ADVERTISING LIFE INSURANCE TRUSTS

Form of Advertising Used

According to information received from thirty-four banks and trust companies relative to advertising life insurance trusts, ten of these institutions use newspaper advertising; fourteen issue booklets and leaflets on the subject; one is distributing blotters; one uses radio talks; one gives talks to Rotary Clubs, Chambers of Commerce, etc.; three mention special efforts to cooperate with insurance men in the district; two mention life insurance trusts in their regular advertising and in one bank special attention is given by solicitors to life insurance trusts in work with clients.

Advertising Expenditure

Information on the amounts spent annually on this form of advertising was given by nine banks and trust companies. The amount spent varies from $350.00 to $10,000 a year. In one bank the entire year's campaign was devoted to insurance trust advertising at a cost of $20,000. This, however, does not represent the annual figure as the next year's program will be devoted to another subject.

Mr. L. G. McDouall, Assistant Trust Officer of the Fidelity Trust Company, Newark, N. J., reported as follows on the subject of insurance trust advertising:

> The amount of money spent for insurance trust advertising varies widely. I know one company prominent in the work that is spending $250,000 a year for its new business and advertising program and I understand that most of the emphasis in its work is being placed on life insurance trusts. Our own feeling has been that such an amount is somewhat excessive and we have approached the problem from a more conservative standpoint. A good deal of our work has been done by personal contacts formed between the officers of our institution and the insurance men in this territory, a form of endeavor whose costs is difficult to analyze. It has enabled us to accomplish a great deal of good with a minimum expenditure and we would recommend a similar policy to any bank planning to engage in the solicitation of life insurance trusts. * * *
>
> As to the advertising appropriation, rather than to attempt to arbitrarily set a figure for the annual expenditure, I would rather outline some of the things which, in my opinion, should be done by a trust company in undertaking the solicitation of life insurance trusts. The cost of these can be easily estimated, governed by printing costs and newspaper rates in any particular town.
>
> The trust company should give an annual banquet to the leading insurance men of the city. The lists should be prepared in consultation with the general agents, who will designate men from their agencies to attend the banquet. In our own city the movement was launched with such a banquet and we are following this up with a similar meeting once every year. A speaker should be procured for the meeting and samples of the company's advertising should be distributed.
>
> The trust company should run not less than four and possibly not more than six newspaper advertisements, varying from 4 columns x 15″ or 16″ to a half page, advocating the purchase of life insurance and recommending life insurance over the bank's signature. We have found this particularly effective and have distributed large quantities of reprints through the various general agents.
>
> The trust company should put out a blotter or some other effective piece of publicity material recommending the purchase of life insurance.
>
> The trust company should distribute among its own customers and to prospects furnished it by the insurance men, books on taxation showing the shrinkage which occurs by reason of inheritance taxation and which may be offset by the purchase of insurance. We have found this a very profitable form of publicity and have issued everything that we can find along this line.
>
> Many of the trust companies have used a series of ten or twelve folders discussing life insurance trusts and advocating insurance, which have been sent to lists furnished the trust company by the insurance men. We have never tried this particular form of publicity, but we believe that it is valuable and has a vital part in an insurance trust campaign.
>
> One trust company which has been very successful in the solicitation of insurance trusts has duplicated the blotter on bill posters placed throughout its home town, and I understand that these posters have been most effective.
>
> There are a multitude of things which can be done along this line, all of which seem to me to be very valuable. It seems to me that the problem is largely one of picking the things which seem to be of primary importance and working out an appropriation based on their annual cost. Above all, a large place should be given in the program for personal work. It is our experience that any advertising, to be successful, must be followed up rather closely by an active program of solicitation.

Mr. G. Wallace Tibbetts of the Exchange Trust Company of Boston, speaking before the Mid-Winter Trust Conference in New York, described an advertising campaign conducted by that company. A newspaper advertisment concerning life insurance trusts was inserted in four papers. Copies of the advertisement were also sent by mail to a selected list. The results of such advertising were as follows:

From	Number of Replies
Boston Herald	51
Boston Globe	45
Boston Post	30
Boston Transcript	26
Direct Mail	675
Radio Talks	101
Scattered sources	115
Total	1,043

Each copy of the advertisement carried a return coupon requesting the bank to send the subscriber a copy of the booklet entitled *How to Increase Your Estate One Hundred Percent.* This booklet was written by Carl G. Manning, general agent of the John Hancock Mutual Life Insurance Company of Boston, and constituted a story on life insurance trusts. Each booklet contained a return postcard requesting the company to send the booklet, *Life Insurance Trusts.* From 1,043 of these booklets sent out, many requests for the pamphlet on life insurance trusts were received.

Mr. Tibbetts stated that it would have been an easy matter to have mailed the life insurance booklet with a circular letter, but in place of doing this, the staff of the new business department called on each prospect, delivered the book, and told of the various services of the company.

We quote from a letter received from Mr. Tibbetts:

> We have found that trust business originated from cooperation which we are able to extend to real estate men, lawyers and life insurance salesmen.
>
> We have been particularly fortunate in receiving from general agents, indications that our efforts to educate the salesmen have produced good results. Here in the field men do not realize the selling power of the services offered by trust companies and national banks under life insurance plans. Not having realized the power, they have not attempted to use it to any great extent. Due largely to our advertising program, there has been considerable activity along this line within the past few weeks * * * In the talks the writer has been giving to life insurance sales groups, department store executives, students, social and rotary clubs, the importance of life insurance and life insurance trusts has been strongly emphasized.

In connection with the advertising of trust services a special service is offered by the trust division of the American Bankers Association. This consists of a complete advertising campaign including syndicated material for newspaper advertisements, posters and a descriptive booklet entitled *Safeguarding Your Family's Future.* This is designed primarily for the use of the smaller institutions that would not have the facilities nor the organization to attempt such an effort otherwise.

POINTS STRESSED IN SELLING TRUST SERVICES

One phase of this study has been concerned with the types of selling points employed by different institutions in the development of trust business, both in the personal canvass and in their publicity material.

A special advertising campaign of the Chicago Title & Trust Company stressed (1) protection and assurance of prompt payment of principal and interest by a $2,000,000 special reserve fund established for the protection of trust investments and holdings; (2) the expert investment of insurance money; (3) the discretionary power to release part of the principal in case of emergency; (4) simplicity in changing life insurance policies and (5) the protection provided for wife or family circle and the assistance obtained from expert trust company officers.

Mr. Joseph N. Babcock, Vice-President of the Equitable Trust Company of New York City, in addressing the Life Underwriters of New York City, summarized the advantages of life insurance trusts as follows:

> 1. A business management and investment policy for the proceeds of the insurance estate. In many cases better management than the owner of the insurance policy would have been able to supply himself. This advantage is derived from the long experience of the trust officers in investment and management; the sources of information which are open to the trust company, and the careful study which its officers give to economic and industrial conditions.
>
> 2. The whole estate is managed as a unit; one management policy; one investment policy; conservation of all the property; complete accounting to any interested party, at any time, for all the property and all the income.
>
> 3. A flexible investment policy permitting advantageous turnover; a partial check against possible reduction in the purchasing power of money; opportunity for development and growth; opportunity for increase in income.

4. Estate and income more adaptable to changes in family condition. The estate may be adjusted to the family's needs under conditions as they arise. Under discretionary powers, estate funds may be used to enable qualified beneficiaries to set up in business, or for any other necessary or advisable purpose. Funds may be withdrawn as needed for use in emergencies.

5. Educates beneficiaries in management and investment and the proper use of financial service and counsel.

6. Obviates alienation of a natural interest in the estate which is possible under income option settlements.

7. Finally, endows a man's estate with the greatest possible replacement value.

Similar ideas are expressed by Mr. GILBERT T. STEPHENSON of the Wachovia Bank and Trust Company in the following words:

For corporate trust business in general—executorships, trusteeships, guardianships—we argue the continuity of our company, its financial responsibility, its superior equipment for the settling of estates and the administration of trusts, its devotion to settling estates and administering of trusts as a daily *business* and not as merely an incidental or occasional employment.

For life insurance trusts we present as arguments the advantage of having all of one's insurance administered as a unit, of having it administered in harmony with the administration of the general estate, of providing for local administration familiar with local conditions and characteristics of the beneficiaries, of giving the local trustee authority to exercise discretionary powers to meet the actual needs as they arise from time to time.

Mr. THOMAS C. HENNINGS, Vice-President of the Mercantile Trust Company, St. Louis, sums up the advantages of trust service under these five heads:

1. The protection to the beneficiary and the assurance to the creator that the principal of the trust estate will not be dissipated by reason of bad investments and spendthrift habits.

2. Flexibility; the principal may be used when and if necessary for illness, support, welfare or education of the beneficiaries.

3. Purchase assets from the estate of the grantor, in order to supply funds to the estate to meet taxes, debts and other expenses and costs, without increasing the size of the estate for taxation purposes.

4. To pay off any mortgage on the grantor's home, if it seems advisable, in the discretion of the trustee, to do so.

5. To make provision for children, in case of the remarriage of the creator's wife.

Another trust company official lays particular stress on the third point listed by Mr. HENNINGS. In his opinion the opportunity afforded for the purchase of assets from the estate of the grantor constitutes one of the most effective features of trust service from a sales standpoint. In justification of this opinion he states:

Under the laws of many states, monies payable direct to a beneficiary enjoy exemption from inheritance tax within certain limits, and there has been considerable difficulty in developing a means for paying insurance money into an estate to meet tax and other immediate cash obligations without subjecting this money itself to taxation. Payable to a beneficiary, it might or might not find its way into an estate depending upon the integrity of the beneficiary. The Federal Tax Department has ruled, and most state departments have ruled, that money payable in trust for a designated beneficiary is tax exempt again within certain limits. Under the Life Insurance Trust where the estate is administered as a whole by one trust company, it is entirely feasible for the trustee to purchase from the executor such securities as may seem desirable in accordance with the terms of the trust, thereby freeing the requisite amount of cash for the executor's use and placing the securities, which the estate would naturally wish to hold, in the hands of the trustee.

Mr. JOHN A. REYNOLDS, Vice-President of the Union Trust Company, Detroit, states his case succinctly in the following words:

We employ the ordinary fundamentals that any salesman who uses his personality and intelligence would use. We point out first of all, that a man is going to die regardless of his personal feelings in the matter; secondly, that the state has already drawn his will, but that he may amend it to state his own wishes if he so desires; that the state has already appointed his executor, but will not advise him who it is, and is keeping that as a surprise to spring on his family after he is gone; but that our institution has helped him make his fortune and that we can assist him in safeguarding it even when he has passed on. We then point out the conservatism and honesty of our company, alluding to the fact that we are keeping abreast of the times, and also, that the corporate trust idea is growing faster in this country than any other phase of economic and financial life.

In commenting on the type of sales resistance experienced by trust solicitors, Mr. CHAMBLISS, in his report states:

It was once thought that his will and his estate was something the average man would dislike to discuss, and that the matter should be introduced in a sales talk very carefully and only after some preliminary conversation. Experience has proved, however, that the average man will discuss the subject freely and will give a will salesman information about his family and his holdings which are sometimes astounding for its frankness—often, information which he would withhold from the credit department.

This report further states that a plan frequently employed is to draw up either in advance or following a preliminary interview, a memorandum form of trust agreement designed with the specific requirements of the prospect in mind. The success of this plan is based on the facts that it provides something tangible and suggestive for the prospect to retain and study, it permits a clear presentation of the problem and it usually leaves the door open for a follow-up call.

RELATIONSHIP TO THE LEGAL PROFESSION

Financial institutions engaged in the solicitation of wills, trusts and estates are frequently limited by state regulations from performing legal services involved in the actual drawing of wills for clients. One result of this has been the development of a cooperative rather than a competitive relationship on the part of the trust company with members of the legal profession. A number of trust officials have commented on the advantages of developing such a cooperative arrangement and they stress the importance of strict observance by trust solicitors of the line of demarcation between the services of a trust company and the services of a lawyer.

In amplification of this point, one official describes the policy of his company as follows:

Any trust company going into trust solicitation must discuss the matter very seriously with their solicitors and see that these men thoroughly understand the necessity of not doing anything that would savor of practicing law. They cannot, for instance, give a prospect the legal language which might be necessary for shaping a clause in his will. In our department we tell our prospects of the points we think it necessary that their will should cover, but we never give them the legal language as this is a matter which must be taken up with counsel who draws the will. It is very important that all trust solicitors be trained to insist that each will be drawn by counsel who comes face to face with the prospect and who is retained in person by the prospect. Further, most trust companies today are adopting the rule of retaining as counsel for the estate counsel who drew the will, provided he was in good standing with the testator at the time of death.

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